

# 1. Introduction

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The focus of this book is on spatial planning in the Korean peninsula as a whole, and not solely on South Korea. In the absence of reunification this presents a problem, primarily because the ebb and flow of political relations interrupt attempts to tackle spatial issues (for example via a stream of investments from the South to the North) on a peninsula-wide basis. The political issues are difficult to deal with: nuclear testing and development of nuclear weapons, the sinking of the South Korean corvette *Cheonan* in March 2010, concerns about the succession if Kim Jong Il dies or becomes wholly incapacitated, or if the regime collapses for independent reasons. There might be a temptation to abandon reconciliation and reunification attempts, especially because many of the younger generation in the South are becoming disenchanted about solving an issue that long predates their birth and lack the emotional attachment felt by some older Koreans. In fact, the environment for reunification as measured by the Reunification Index published by the Institute of Peace and Unification Studies at Seoul National University reached an all-time low in 2009, 198.6 out of 1000, in decline from its 2007 peak (although still low) of 272.7.

There is no intention in this book to discuss political events (except in passing), not even critical long-term issues such as denuclearization. Although politics can, and does, affect the prospects for reunification, there is no way of predicting if, or when, reunification will occur. On the other hand, we will analyse some of the spatial aspects that need to be considered if Korea is reunified, such as developing an infrastructure strategy for the peninsula, whether the national capital will remain in Seoul, and the future of the Kaesong international industrial complex. Furthermore, these issues are still relevant in a pre-reunification world because many economic policy interventions and decisions do not require major institutional or political change. From this perspective, the timing of reunification is not critical. What is more critical is the creation of an environment that is favourable to economic cooperation. This may not always occur; for example the trade embargo after the *Cheonan* sinking. However, here

we are more concerned with a long-term strategy than with the day-to-day impact of recent historical events. Also, it is likely that there may be significant changes upon the death of Kim Jong Il, but these are wholly unpredictable.

There are those in South Korea and elsewhere who believe in a 'punishment' approach, penalizing North Korea for its recurrent misdeeds. However, there are several powerful reasons for South Korea to pursue a different strategy, mainly for reasons that have little to do with altruistic motives. First, in terms of neoclassical interregional development, North Korea has a surplus of labour while South Korea has by far the superior capital endowment. Hence, a joint pursuit of a development strategy based upon capital moving north while labour moves south would enhance mutual economic growth. However, migration from north to south could have severe adverse consequences on the South Korean economy and society if it occurred at too fast a rate.

This leads to the second point. It is in South Korea's own interest to invest heavily in the North and to persuade other countries to do the same to slow down the rate of migration south if the North Korean regime collapses. This investment needs to be made *prior* to reunification; hence, there is a powerful argument in favour of a transitional path to reunification in preference to sudden reunification.

Third, there are compassionate reasons for interventions that will improve the welfare of the common people of North Korea even if it would be difficult to avoid some of the benefits accruing to the elite.

Fourth, the desire to achieve a degree of economic integration in North-East Asia will be likely to fail without much more economic progress in North Korea because cross-border flows are a key element in such integration.

A key characteristic of almost all regional policy discussions in South Korea is that they focus exclusively on the South rather than on the peninsula as a whole. This may be justified if the belief is that reunification will never take place. However, in the event of reunification a spatial planning strategy based on the South alone will have a distorting effect. This is most easily demonstrated by comparing Figure 1.1 and Figure 1.2. Figure 1.1 shows the long-term axes planned under the Presidential Committee on Regional Development (PCRD), while Figure 1.2 illustrates a proposed axes strategy for the peninsula as a whole linking it with North-East Asia as a whole (for additional details see Chapter 9). As can be observed, the axes (or belts) for South Korea are somewhat different. In effect, they enclose the South within an approximate rectangle, while the more comprehensive Figure 1.2 emphasizes North-South axes linking the peninsula as a whole with China and Russia. Also, Figure 1.1 includes a horizontal

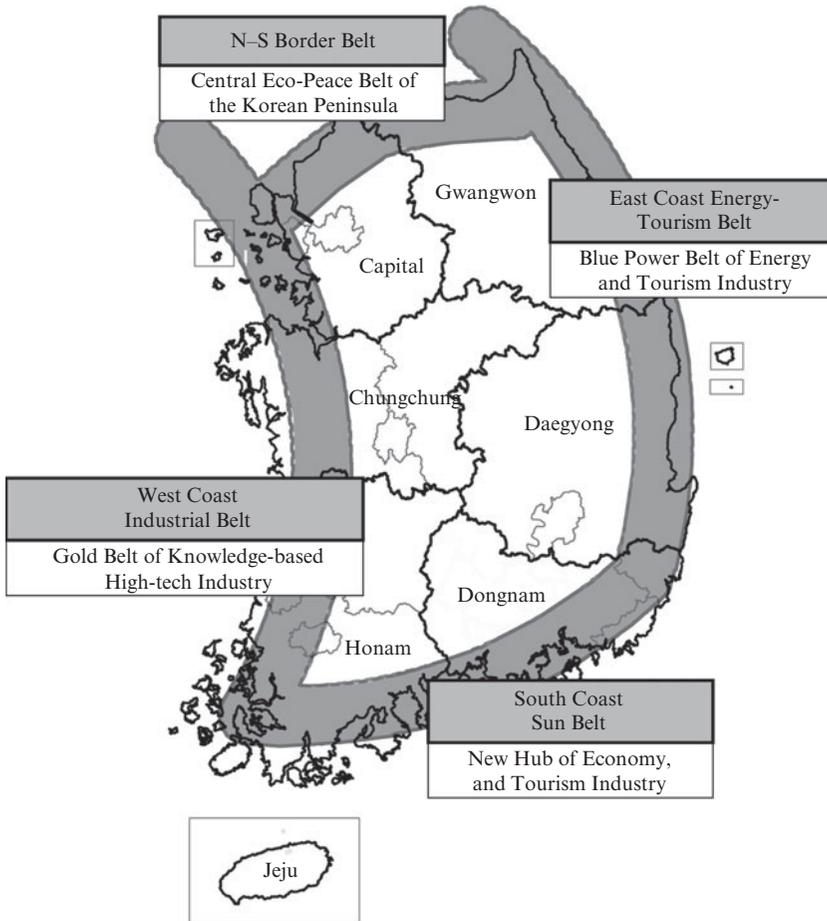


Figure 1.1 Spatial strategy for South Korea

axis south of the De-Militarized Zone (DMZ), whereas Figure 1.2 shows an obvious Seoul–Busan corridor omitted from Figure 1.1 that already exists (and is probably going to be explicitly identified as a fifth inland belt).

## DE-MILITARIZED ZONE (DMZ)

As already pointed out, our research makes no assumptions about the time or even the fact of reunification. However, an important question

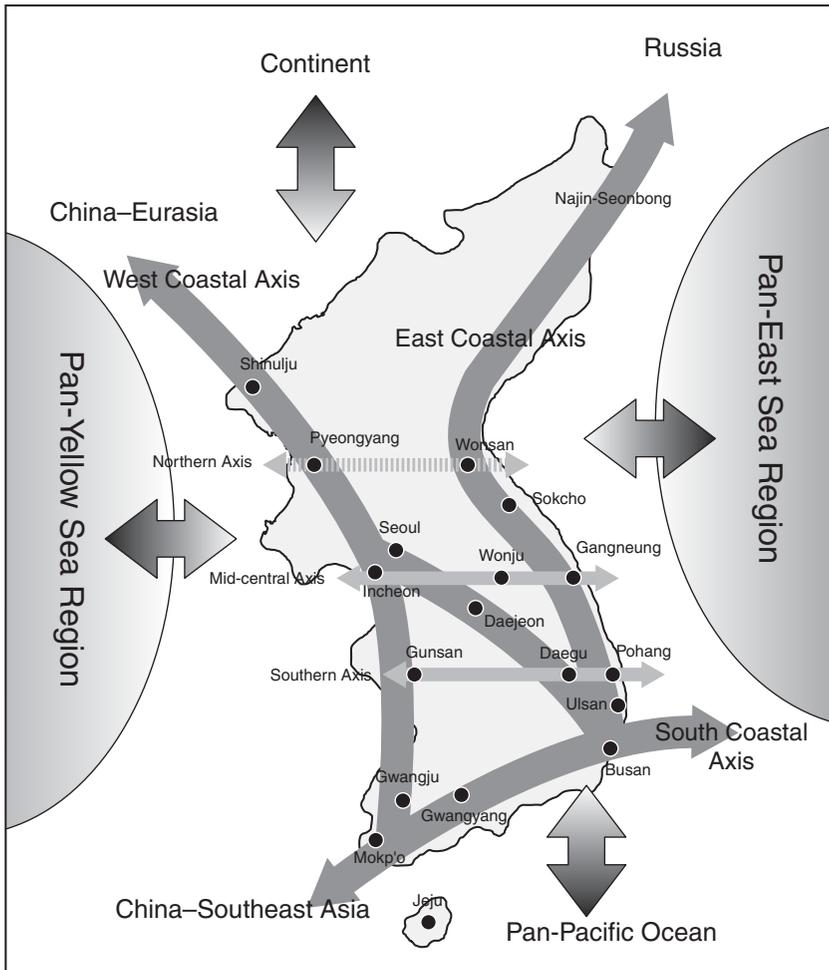


Figure 1.2 Spatial strategy for the Korean peninsula

is, if and when reunification occurs, what are the prospects for the DMZ? Land is very scarce, especially in South Korea, so the best use of this land is important. The DMZ is 250 kilometres long and 4 kilometres wide.

The DMZ is a large band of land that would be very centrally located in a reunified Korea and which has experienced negligible development for more than 50 years (there is one pre-existing village located within the zone). Because of the scarcity of land throughout Korea resulting from its sizeable population and mountainous terrain, the area has very high

imputed land values. It also has substantial economic potential because of its proximity to Seoul and Kaesong. What the most appropriate land uses would be after reunification is a very controversial issue. For example, given that the area has grown wild for so long and has developed an interesting natural habitat, some environmental groups are promoting the area as an Environmental Conservation Zone (Jae Han Kim, 2000). This proposal has more influence than it would have had some years ago because at last South Korea has become very interested in environmental concerns.

Moreover, as pointed out above (see also Chapter 9), the Presidential Committee for Regional Development (PCRD) recently announced a national supraregional plan that has provision for a North–South Peace-Eco Zone Belt crossing the country from East–West that, implicitly at least, incorporates the DMZ.

Hence, the scope of research is how to balance environmental preservation with building housing for North Koreans relatively close to Seoul and to select sites for other potentially approved facilities such as training institutes (permitted in the greenbelts and recommended for the DMZ in a recent Korea Research Institute of Human Settlements Report (KRIHS, 2009b)). The problem is how to identify the low-value land in the DMZ that is most suitable for such activities.